

Message Text

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PAGE 01 GENEVA 00282 161046Z

71

ACTION ORM-02

INFO OCT-01 IO-11 ISO-00 DHA-02 L-03 H-02 ABF-01 TRSE-00

OMB-01 NEA-10 EUR-12 SAJ-01 CIAE-00 INR-07 NSAE-00

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R 161016Z JAN 76

FM USMISSION GENEVA

TO SECSTATE WASHDC 7583

UNCLAS GENEVA 0282

E.O. 11652: N/A

TAGS: SREF

SUBJECT: USG ACCOUNTS IN ICEM LOAN FUND

REF: STATE 002031

1. MISSION HAS INFORMED ICEM IN WRITING OF USE LOAN FUNDS
AND QUARTERLY REMITTANCE OF INTEREST ON LOAN FUND ACCOUNTS
3 AND 4 REQUESTED IN REFTEL.

2. ICEM HAS COME BACK WITH COUNTER PROPOSAL TO QUARTERLY
REMITTANCE OF INTEREST TO YEARLY. PROPOSAL BASED ON
VARIOUS REASONS SUCH AS QUOTE THE PRIMARY ONE BEING THAT
OUR INVESTMENTS ARE ESTABLISHED ON A 12 MONTH BASIS AND
IT IS ONLY AFTER THAT PERIOD THAT THE INTEREST IS EARNED
AND CASHED. IT IS ALSO AT THE END OF THE YEAR THAT WE
KNOW EXACTLY WHAT OUR AVERAGE INTEREST EARNINGS ARE DURING
THE YEAR, AND LAST BUT NOT LEAST, IT WOULD BE MORE PRACTICAL
TO ISSUE ONE CHECK INSTEAD OF FOUR. UNQUOTE. THEY FURTHER
PROPOSE THAT INTEREST EARNED ON ACCOUNT NO. 3 FOR THE
PERIOD 1 JULY TO 31 DECEMBER 1975 BE PAID AT THE END OF
MARCH 1976 WHEN THEIR ACCOUNTS ARE CLOSED AND AUDITED,
AND SIMILARLY IN FUTURE YEARS FOR BOTH ACCOUNTS.

3. MISSION (HA) QUESTIONS RATIONALE OF FOREGOING
PROPOSALS FOR FOLLOWING REASONS:
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PAGE 02 GENEVA 00282 161046Z

A. WHILE MISSION DOES NOT WISH TO DISCOURAGE ICEM FROM PLACING LOAN FUNDS IN INTEREST BEARING ACCOUNTS IT MUST BE REALIZED THAT MISSION IS NOT IN BUSINESS TO MAKE MONEY ON THESE FUNDS.

B. IF FUNDS ARE PLACED IN INTEREST BEARING ACCOUNTS, IT WOULD BE TO USG ADVANTAGE THAT FUNDS BE PLACED IN 90-DAY REVOLVING ACCOUNT SO THAT INTEREST FOR PERIODS COULD BE REMITTED ON QUARTERLY BASIS.

C. IF ICEM INVESTING LOAN FUNDS ON 12 MONTH BASIS THEN PRESUMABLY INTEREST ESTABLISHED AT SET RATE AND NOT AT "AVERAGE INTEREST" AS STATED PARA 2 ABOVE.

D. IF LOAN FUNDS INVESTED ON 12 MONTH BASIS THEN PRESUMABLY THEY TIED UP FOR FULL INTEREST PERIOD. IF SO, THEN ICEM CANNOT USE FUNDS INTENDED FOR PAYMENT OF REFUGEE TRANSPORTATION BILLS. IN CONVERSATION WITH ICEM BUDGET OFFICER, MISOFF INFORMED THAT LOAN FUNDS ARE COMINGLED WITH OTHER FUNDS CONTRIBUTED TO ADMINISTRATIVE AND OPERATIONAL BUDGETS IN VARIOUS ICEM BANK ACCOUNTS. AS SUCH ICEM BUDGET OFFICER ESTIMATES \$1 MILLION BEING ROLLED OVER EACH MONTH FROM WHICH ICEM OPERATING EXPENSES INCLUDING TRANSPORTATION BILLS ARE PAID.

E. ICEM CONTENTION IT MORE PRACTICAL TO ISSUE ONE CHECK INSTEAD OF FOUR IS WEAK AS ISSUANCE OF FOUR CHECKS SHOULD NOT PRESENT PROBLEM WHEN CONSIDERING OVERALL ICEM ACCOUNTS PAYABLE.

4. AFTER CONSIDERING FACTS PUT FORTH BY ICEM, MISSION CANNOT FIND ANY JUSTIFIABLE REASON TO CHANGE METHOD AND TIME OF PAYMENT AND RECOMMENDS THAT THIS MODUS OPERANDI NOT BE CHANGED AND BE EXTENDED TO INCLUDE LOAN FUND ACCOUNTS NOS. 1 AND 2.

5. PLEASE REPLY SOONEST. BRUNGART

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